

Message Text

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PAGE 01 OTTAWA 01727 062106Z

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

DOT-00 INR-10 NSAE-00 RSC-01 FAA-00 DRC-01 FEA-02

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R 062033Z JUN 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 3635

INFO AMCONSUL MONTREAL UNN

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DOT PASS ASSISTANT SECRETARY BINDER

E.O. 11652: N/A

TAGS: ETRN, CA

SUBJECT: CVIAIR--AIR CANADA VIEWS ON PROPOSED TORONTO
PICKERING AIRPORT

1. AIR CANADA VICE PRESIDENT FOR FLEET PLANNING,
CLAYTON GLENN ON JUNE 4 TOLD COMMISSION OF INQUIRY ON
PROPOSED PICKERING AIRPORT THAT CARRIER SAW NO NEED
RPT NO NEED FOR NEW AIRPORT. OTHER AIR CANADA SPOKESMEN
REPORTED BY TORONTO GLOBE AND MAIL AS CONFIRMING THAT
CARRIER WAS THUS TAKING NO POSITION AS TO WHETHER
PICKERING SHOULD BE BUILT. PROPOSED FACILITY HAS BEEN
OBJECT OF CONSIDERABLE CONTROVERSY BETWEEN ENVIRONMENTALISTS,
OTHER CIVIC GROUPS AND MOT.

2. RISING COSTS--ESPECIALLY FOR FUEL--WHICH WILL BE
PASSED ON THROUGH FARE SYSTEM, HAVE CAUSED CARRIER TO
QUESTION LONG TERM PROJECTIONS RE TRAFFIC GROWTH
AND HENCE NEED FOR NEW FACILITY. IN COURSE OF SEVEN-
HOUR TESTIMONY, GLOBE AND MAIL REPORTS GLENN INDICATED
THAT AIR CANADA'S FUEL COST DROPPED FROM ABOUT 19 CENTS
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PAGE 02 OTTAWA 01727 062106Z

PER GALLON IN 1959 TO ABOUT 10 CENTS IN LATE SIXTIES

AND HAS RISEN TO 35 CENTS RANGE AT PRESENT WITH FURTHER
10 PERCENT ANNUAL INCREASES PROJECTED.

3. COMMENT: TCO MET WITH AIR CANADA OFFICIALS LAST WEEK
AT MONTREAL AND THEY ATTACHED CONSIDERABLE IMPORTANCE
TO THIS TESTIMONY. SUGGESTED THIS MAY BE ONE OF FEW
OCCASIONS IN RECENT HISTORY IN WHICH LEADING NATIONAL
CARRIER WILL NOT SUPPORT MAJOR NEW AIRPORT. STATED
THAT IN COMING TO THIS POSITION AIR CANADA'S RECENT
TRAFFIC PROJECTIONS WERE SUPPORTED BY IATA'S HAMMARSCHLAG
MAY 21 CONFIDENTIAL STATEMENT REGARDING NORTH ATLANTIC
WHICH THEY HAD HAD DECLASSIFIED FOR USE AT PICKERING
HEARING. COPY OF IATA DOCUMENT EDITED FOR HEARING
BEING FORWARDED TO DEPARTMENT (EB/OA/AVP, ORTMAN).
TCO WAS UNABLE GET SPECIFICS OF AIR CANADA'S FUEL COSTS
LAST WEEK AS DATA STILL BEING REVISED, BUT GLOBE AND
MAIL REPORT IS CONSIDERED OF POSSIBLE INTEREST TO
WASHINGTON AGENCIES ASSESSING LIKELY ATTITUDE AIR
CANADA IN FORTHCOMING IATA FARE NEGOTIATIONS. WE WILL
ATTEMPT GET MORE PRECISE FUEL COST DATA FROM
AIR CANADA, IF DEPARTMENT SPECIFIES EXACTLY WHAT
WOULD BE USEFUL.
PORTER

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